
AR32
Green Giant Company FISCAL 1969

Green Giant Company
Annual Report for
the fiscal year ended
March 31, 1969

Highlights of 1968-69

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Entered test markets in October with frozen Niblet Ears corn-on-the-cob.

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Reached national distribution in February on the seven frozen rice products in the cook-in-pouch.

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Started construction in February on the first Jolly Green Giant Restaurant in the Brookdale Shopping Center near Minneapolis.

Green
Giant
today...

Green Giant Company Annual Report for the fiscal year ended March 31, 1969

The year at a glance

(Dollar Totals in Thousands)	March 31, 1969	March 31, 1968
Net Sales	$ 181,943	177,623
Net Earnings after Taxes	4,891	6,269
Depreciation and Amortization	4,324	6,626
Capital Expenditures	13,150	10,662
Working Capital Employed	50,288	50,034
Total Capital Employed	102,668	93,977
Common Stockholders' Equity	59,437	57,240
Per Share	21.26	20.47
Net Earnings per Common Share	1.71	2.21
Dividends per Common Share	.92	.84
Number of Stockholders	7,073	7,014
Common Shares Outstanding (Average)	2,795,976	2,785,303

THE ANNUAL MEETING of the Stockholders will be held on Thursday, July 17, 1969 in the Auditorium on the fifth floor of the First National Bank Building, Minneapolis, Minnesota. Meeting time will be 10:00 a.m. Central Daylight Saving Time.

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To Shareholders and Employees:

Sales in fiscal 1969 increased 2.4 percent to $181,943,325 from $177,623,075 in 1968. Profits were $4,890,970 compared to $6,269,487 in 1968, representing a 22.0 percent reduction. Per share earnings were $1.71 versus $2.21 the previous year. The company changed its method of depreciation from accelerated to straight-line in 1969 for financial reporting purposes which resulted in an increase of 19¢ per share. Accelerated depreciation is being continued for tax purposes. The federal surtax resulted in a decrease of 12¢ per share. Dividends on common stock were increased 8¢ to the annual rate of 96¢ per share in November, 1968, representing the eleventh consecutive year of dividend increases.

Industry supplies of sweet corn, snap beans and peas were excessive this past year. Our supplies paralleled the industry and heavy promotional efforts were necessary. Earnings suffered as a result. However, Green Giant more than maintained its position in the market and inventories are now at manageable levels for the coming year.

The results of the past year reflect the need for further diversification so that we become less dependent on a limited number of seasonal products. Progress has been made. In 1960, 95 percent of our sales volume came from canned peas and corn. These two items have continued to grow but reliance on them has been reduced to 53 percent through the addition of new products.

This past year, we went into national distribution with seven items of frozen cook-in-pouch rice; expanded six items of canned pork and beans to ten markets; introduced frozen corn-on-the-cob in three test markets and began test marketing a new line — seven frozen vegetable casseroles in table-ready decorator trays. While such introductions are costly and affect current earnings, they lead to increased profit opportunities for the future.

In a recent reassessment of growth objectives, we established an average annual increment of 15 percent as attainable — 8 percent from internal sources and 7 percent from external sources and new ventures. Already announced is our intention to enter the restaurant business. The first unit will open this summer.

You have been previously advised of a proposed merger of the Spencer Packing Company into the Green Giant Company. No action will be taken on this proposed merger at the Annual Meeting, but it will be considered at a Special Stockholders Meeting, notice of which will be sent to stockholders. Spencer Packing Company, headquartered in Spencer, Iowa, produces beef and beef products.

Recognizing that growth must be profitable, we are committed to our primary purpose, "the securing of the maximum return on capital employed over the long term consistent with serving the public interest."

Green Giant is an outstanding, dedicated group of people with a reputation among consumers for uniform, high quality products. This makes us humbly confident our objectives can be reached.

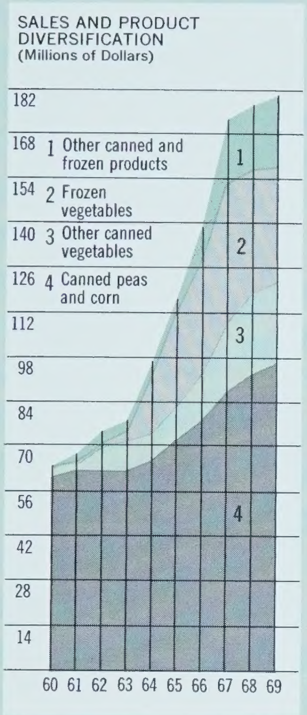
Sincerely,

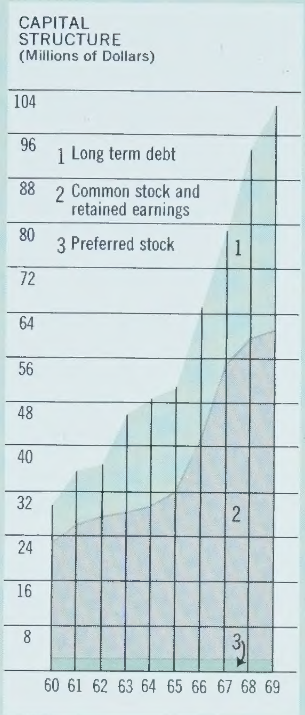
CHAIRMAN OF THE BOARD

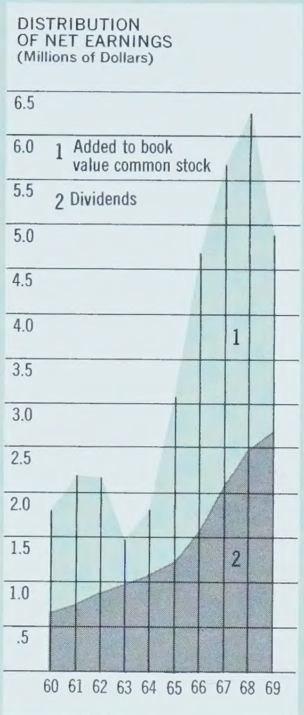
PRESIDENT

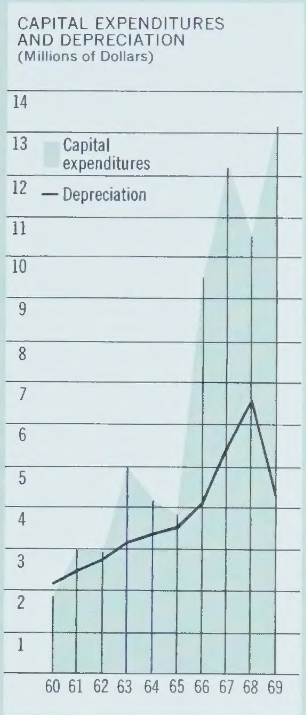
June 13, 1969

REVIEW OF 1969









Marketing Total sales increased moderately during a most challenging year.

Faced with record supplies of canned vegetables, Green Giant merchandised aggressively. As a result, sales increases were accomplished on most items.

Green Giant brands performed well in terms of market share: snap beans reached a new high, peas showed improvement while corn held previous high share levels. Le Sueur Brand peas made another advance to a record market share level. Asparagus sales were up significantly and mushrooms were slightly ahead of a year ago. Competition for retail support on canned vegetables was at an all-time high and promotional spending was substantially above previous years.

Green Giant Brand cook-in-pouch frozen product sales, both in cases and dollars, were above previous year levels. New products and important product improvements have contributed to this growth. There are now a total of 41 Green Giant Brand frozen items in distribution compared to 29 a year ago. Total frozen sales of $40,618,000 this year are about equal to last year. However, there has been an increase in branded consumer size sales.

Severe competition also developed on institutional canned vegetables. However, Green Giant was successful in obtaining increased movement, partially through government channels but also through normal institutional outlets so that current inventories are not burdensome. We recognize the growth potential in this segment of the food industry and our Marketing Development people are spending an increasing amount of time probing areas of opportunity.

The company continued through the year to be the most aggressive advertiser of canned and frozen vegetables. In this period of excessive supply, we became increasingly aware of the great value of our strong consumer franchise. Loyal families of consumers bought more Green Giant products than ever before.

The television commercials won additional awards and consumer response to the "Valley" format and ads in print media continued to be excellent. Consumer promotions featuring the big Green Giant trademark, including a "Vote for the Jolly Green Giant" election campaign, were effective not only in making new friends for the Giant but also in obtaining the greatest number of retailer tie-in ads in the company's history.

New Products The past year was an active one for the Jolly Green Giant on the new product front. "What's New Besides Ho-Ho-Ho" included . . .

. . . national distribution on a line of seven new frozen rice products. These products were introduced in test market in January, 1968. After a successful test, national distribution was completed in February, 1969.

. . . Green Giant Brand pork and beans, introduced in four test markets in March, 1968, have now been expanded to six additional markets. There are six items in the line — three sizes in brown sugar-tomato sauce and three sizes in molasses sauce.

. . . frozen corn-on-the-cob was introduced in test market in Omaha, New Orleans and Albany in October, 1968. It is too early to make final evaluations, but consumer response has been excellent. Distribution will be expanded to additional markets during the current year.

. . . in February of 1969, a new line of seven frozen vegetable casseroles was introduced in the test markets of Buffalo and St. Louis. The products are packed in colorful aluminum decorator trays with a clear polyester hood. Early test market results are encouraging.

The Green Giant recognizes that corporate growth and vitality depend more and more on the development of new products and organizational steps were taken during the past year to strengthen this effort.

New Concepts In addition to new products, we recognize the need within Green Giant for new directions of growth designed to add greater profit and stability to the company's operations. To this end, we have defined what we call our corporate "Sphere of Interest":

"There are few, if any, brand names existing today that are better known or respected and trusted than that of Green Giant. This image has been carefully developed and nurtured over the years. *It is therefore, our intention to capitalize on the Green Giant consumer image in those areas of consumer goods and services wherein this image may be enhanced."*

After careful thought and research, it was determined that Green Giant should enter the restaurant field as a first step toward broadening the company's base of operation. Jolly Green Giant restaurants will be opened this summer in the Minneapolis area. Their development will be watched with considerable interest. Further dimensions and expansions of this concept will be announced as soon as the success of the initial effort can be measured.

Research and Development New products and new concepts don't just happen. They need to be painstakingly researched and developed. Research and development expenditures at Green Giant now exceed $1,500,000 — approximately 1 percent of sales. Such expenditures produce returns in many forms over a wide range of endeavors.

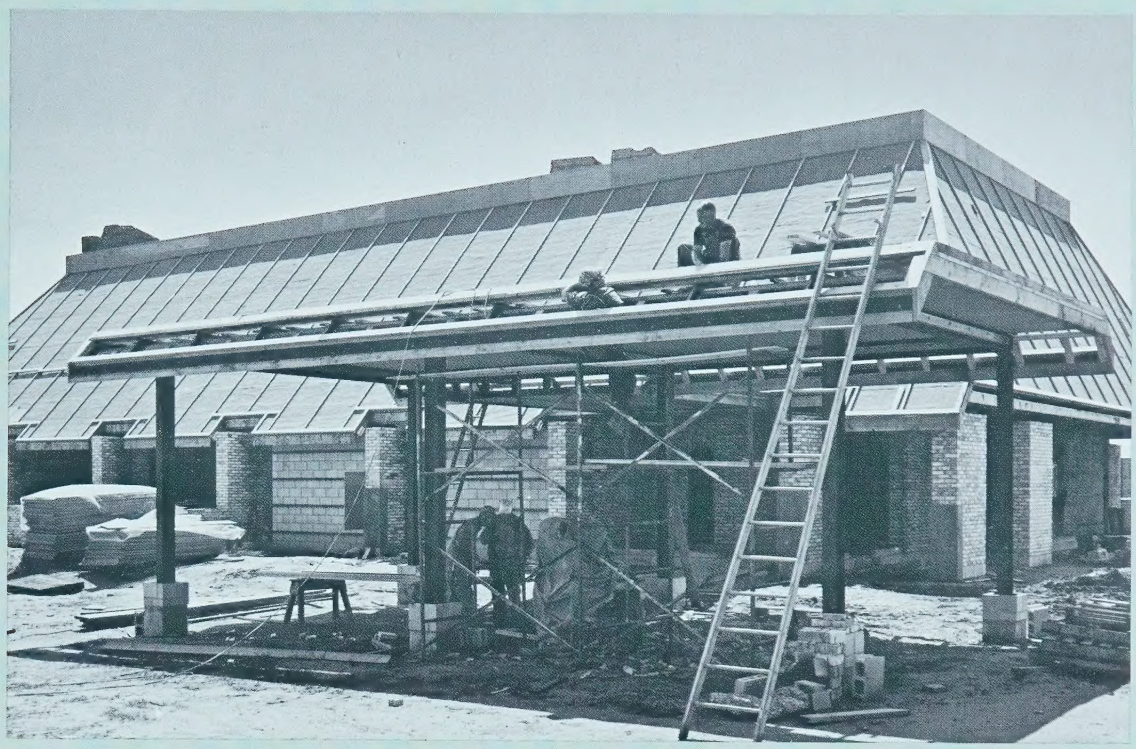
The new products mentioned earlier in this report were developed internally.

Making the best better was attained through the internal development of clinging butter sauce for the cook-in-pouch line. This has been an important factor in increasing our share of this market.

The company continues to research for new and better packaging. The oven-ready decorator trays for the new casserole line are an example of this effort as is the shrink film overwrap discussed later in this report.

Agricultural research designed to develop increased recovery and quality continues in all major vegetable areas. Transition to a new canner-freezer sweet pea will begin in 1969. A breakthrough, promising substantial yield increases of mushrooms, is now in advanced testing.

During 1969-70 research and development emphasis will be placed on several new concepts outside the specific vegetable area. The coming year will see test markets opened on more new Green Giant products.



Construction work on the Jolly Green Giant's first restaurant nears completion.

Operations

Operationally, Green Giant breaks down into four divisions: U.S.A., Canada, International and can manufacturing.

U.S.A. In the U.S.A., production operations are spread geographically from coast to coast, partially as insurance against drastic crop shortages in any one area.

The wisdom of this policy was demonstrated dramatically this year. The pea crop in the Pacific Northwest was less than half of normal due to a serious drought. This shortage was more than made up in the Midwest and through new operations on the Delmarva Peninsula.

Corn was a bumper crop this past year. Close control of harvesting and plant handling permitted packing of a high proportion of Green Giant Brand quality.

It is important operationally to produce in agricultural locations with greatest profit potential. To this end, beans and asparagus are being eliminated in California. Brussels sprouts were grown and packed successfully for the first time in Wisconsin, and varieties of other crops tailored for specific areas were successfully introduced.

California operations were consolidated this past year through the opportunistic purchase of a recently constructed frozen food plant at Watsonville. This permitted the closing of two older plants. These older plants are being sold and the equipment from them has been transferred to the new location. As we fully utilize the new plant, substantial savings in cost and improvement in customer service will result.

The computer is becoming an increasingly important tool of operations. New procedures of cost accounting and rapid reporting allow for more timely management decisions.

In recognition of the retail trade's demand for more prompt and reliable delivery service, Green Giant inaugurated some years ago a distribution-packaging center concept. These centers are now complete and will be fully operational this coming year. They are strategically located at Tucker, Georgia; Parkesburg, Pennsylvania; Belvidere, Illinois; Dallas, Texas; Buhl, Idaho and Glencoe, Minnesota.

In addition to prompt, reliable service, these centers

Watsonville, California plant is one of the most modern frozen food plants in the world.

permit the economical development of the latest in packaging innovations. At Tucker and Belvidere, we are now equipped to package canned goods on trays in a shrink film overwrap. This package provides the trade with a carton which is easily opened, priced and displayed.

CANADA The Canadian crop of vegetables, as in the U.S., was of record proportions this past year. This required over-budget merchandising by Green Giant to help bring inventories into balance.

A new corn plant at London, Ontario was completed last August in time for last year's corn pack. It promises to be a profitable investment and will supply the growing demand for corn products both in Canada and the United Kingdom.

Green Giant, an important factor in the frozen vegetable business in Canada, is marketing the cook-in-pouch line and a line of individually quick frozen vegetables in poly bags.

The Clark Brand line of products acquired in 1965 includes a full line of soups, beans with pork, meat stews, tomato juice and other items. This brand commands considerable consumer loyalty. Profits from the line, with the exception of tomato juice, are improving. A task force is working aggressively to increase profits on tomato products.

Product, production and market research has been strengthened in Canada looking toward long-range profit improvement.

INTERNATIONAL Export sales increased in 1968-69 in spite of severe import controls in some Caribbean markets and the crippling New York dock strike. Sales to 42 foreign countries now represent a small but growing percentage of total volume on a profitable basis. Sales progress in the United Kingdom and Sweden has been particularly significant.

In Mexico, corn, peas and green beans are now being marketed in all the principal cities under the Green Giant trademark. This is being done by Empacadora del Noroeste, S.A. under a licensing and technical as-

London, Ontario plant was in operation in time for 1968 corn pack.

sistance agreement. We own 26% of this company.

We continue to import mushrooms processed to meet our quality specifications.

CAN MANUFACTURING Can manufacturing at four locations — Savage, Minnesota; Ripon, Wisconsin; Buhl, Idaho and Tecumseh, Ontario — continues to contribute significantly to the overall profitability of the company.

A new line at Savage for manufacture of institutional-size cans came on stream recently. It is making cans of excellent quality at above-budget rates of production. Addition of this line rounds out capacity for the Division to supply the entire spectrum of can sizes for Green Giant needs. The addition of equipment for another consumer-size can line at Savage is underway.

Finance This past year was one in which substantial capital expenditures were directed toward cost improvement projects. The acquisition of the new frozen production and warehousing plant in Watsonville, California was another step towards expanded and improved operations. Total capital expenditures during the year amounted to $13,150,390.

The capital program approved in November will continue strong emphasis in cost reduction areas. At the same time, the company will be investing capital in new ventures and the expansion of recent projects. Facilities to increase substantially production of frozen corn-on-the-cob, as well as pork and beans, are included in this program. An additional can manufacturing line for growing requirements and expansion of the distribution and packaging center concept also are included. Planned capital expenditures for the new restaurant venture become a part of this program.

The increase in production of major commodities, due to favorable growing and processing conditions, and the attendant increase in inventories resulted in some expansion of short term borrowing requirements. In addition to seasonal credit lines available through normal channels, the revolving credit arrangement which extends to 1970 with line banks has served to supplement needs during this year. Soaring cost of

money which resulted in the increase in prime interest rates from 6% at the start of the fiscal year to a present level of 7½% contributed to the increase in our interest expense. In light of the capital expenditure program, the possibilities of supplementing internally generated capital with funds from other sources are being considered.

Dividend payments during this past year amounted to 92¢ per share, or 53.9% of 1969 earnings. During the past 5 years dividend payments have amounted to 39.3% of earnings which has allowed for the balance of 60.7% to be put to use in the further development of operations.

As a result of losses carried forward from previous years' Canadian canning operations, a credit of $379,642 has been applied against the tax liability and is indicated in the Statement of Earnings. Additionally the two wholly-owned subsidiaries of Green Giant of Canada qualified in 1965 and 1966 under provisions of the Income Tax Act for exemption for a period of three years.

During fiscal year 1969, the method of computing depreciation for financial reporting was changed from an accelerated to a straight-line method. It was believed that this was necessary for comparability with others in the food industry. Another factor was the significant effect the application of accelerated depreciation methods has on a company such as Green Giant with growing capital needs. For income tax purposes the accelerated depreciation method will be continued.

Officers and Directors

Five new officers, all of whom have been with the company a number of years, were elected by the board on July 18, 1968.

Leon J. Frost, assistant controller, was elected controller while Clarence T. Neumann was promoted to assistant controller.

V. Duane Lovestrand, formerly director of Distribution, was named vice president - Distribution.

Neil R. Morem, secretary and general counsel, was elected vice president and secretary, also retaining general counsel responsibilities.

Wilfred F. Neumann, director - Corporate Planning, was named vice president and assistant to the president.

Harry Hodge, vice president and controller, was granted early retirement based on his desire to continue an active business career beyond Green Giant's compulsory retirement age.

DOUGLAS J. DAYTON

CHARLES T. CLARK

Two new directors were elected to the board: Douglas J. Dayton, senior vice president of the Dayton Corporation, Minneapolis and Charles J. Clark, partner in a Windsor, Ontario law firm.

George C. Scott, former vice president of Research and Development, did not stand for reelection to the Board of Directors because of the retirement policy for Board members. Warmly known and respected as "Scotty" throughout the company he made many vital contributions to the development of Green Giant. We are most grateful and wish him many happy years ahead.

Industrial Relations

As the company grows, Green Giant continues to add more high potential, trained personnel to the work force. There are currently more than 3,300 year-round employees, in addition to the 20,000 which are employed seasonally.

Green Giant's entry into new ventures is requiring the rapid development of new skills and know-how within the work force. Training and communication activities were, therefore, intensified to satisfy these needs. Among other efforts, a full-scale training program was launched for sales personnel.

Through intensive safety engineering research, the work activities which historically have caused the most severe accidents in plant and agricultural operations were identified. Preventative programming was then geared specifically to these problem areas.

Green Giant maintained excellent employee relations last year, a year in which many agricultural employers experienced severe difficulties as a result of organization and strike activities.

We believe this was largely due to Green Giant's long-standing policy,

> "To handle all company-employee relationships with understanding, honesty and courtesy, recognizing the employee's individuality and dignity."

This policy has been our continuing guide in providing new and updated personnel programs.

Statement of Earnings and Retained Earnings

Year ended March 31, 1969
with comparative figures for 1968

	1969	1968
Sales, net after returns and allowances	$181,943,325	177,623,075
Other income, net	268,661	1,068,959
Total	182,211,986	178,692,034
Costs and expenses:		
Cost of goods sold	122,053,124	118,534,957
Marketing, distribution and general expense	47,539,726	44,748,178
Interest expense	4,242,521	3,523,427
Amortization of excess of cost over equity in subsidiaries (note 1)	190,362	201,000
Net loss applicable to unconsolidated subsidiary	—	95,905
Income taxes (including $1,098,869 of deferred income taxes in 1969) (note 3)	3,674,925	5,319,080
Total	177,700,658	172,422,547
Earnings before extraordinary item	4,511,328	6,269,487
Extraordinary item — income tax benefit from subsidiary's loss carried forward	379,642	—
Net earnings (note 3)	4,890,970	6,269,487
Retained earnings at beginning of year	36,283,738	32,479,170
	41,174,708	38,748,657
Dividends declared:		
Preferred stock — $5.00 per share	121,665	121,665
Common stock — $.92 per share ($.84 per share in 1968)	2,572,298	2,343,254
	2,693,963	2,464,919
Retained earnings at end of year	$ 38,480,745	36,283,738
Per common share:		
Earnings before extraordinary item	$ 1.57	2.21
Extraordinary item	.14	—
Net earnings (note 3)	$ 1.71	2.21
Net earnings giving effect to debenture conversion (note 4)	$ 1.61	2.13

See accompanying notes to financial statements.

Statement of Financial Position

March 31, 1969
with comparative figures for 1968

	1969	1968
Current assets:		
Cash	$ 5,408,261	2,565,554
Receivables from customers and others, less allowance for doubtful accounts (note 2)	18,794,560	20,877,732
Inventories, at the lower of cost (first-in, first-out) or market (note 2):		
Processed foods	42,713,615	39,259,906
Containers, seed and supplies	23,276,593	21,171,983
Prepaid expenses	2,314,754	1,938,324
Total current assets	92,507,783	85,813,499
Current liabilities:		
Notes payable (note 2)	23,745,369	18,548,444
Current maturities of long-term debt	6,314,764	2,816,579
Accounts payable	6,059,301	6,130,384
Accrued expenses	5,903,922	7,086,200
Income taxes	196,291	1,198,100
Total current liabilities	42,219,647	35,779,707
Working capital	50,288,136	50,033,792
Property, plant and equipment, at cost less accumulated depreciation (note 3)	47,699,491	39,287,489
Unamortized excess of cost over equity in subsidiary (note 1)	3,172,714	3,363,076
Deferred charges and other assets	1,507,273	1,292,805
	102,667,614	93,977,162
Deferred income taxes (note 3)	1,127,055	—
Long-term debt, less current maturities (note 4)	39,524,614	34,178,874
Minority interest in subsidiary	146,222	125,572
	40,797,891	34,304,446
Excess of assets over liabilities	$ 61,869,723	59,672,716
Stockholders' equity (notes 4, 5 and 6):		
Preferred stock	$ 2,433,300	2,433,300
Common stock	20,955,678	20,955,678
Retained earnings	38,480,745	36,283,738
Commitments (note 7)		
	$ 61,869,723	59,672,716

See accompanying notes to financial statements.

Source and Application of Funds

Year ended March 31, 1969 with comparative figures for 1968

	1969	1968
Funds provided:		
Net earnings for the year	$ 4,890,970	6,269,487
Add charges against earnings not requiring funds:		
Depreciation and amortization (note 3)	4,323,624	6,626,343
Deferred income taxes	1,098,869	—
Net loss attributable to unconsolidated subsidiary and charge-off of balance of investment and advances	—	368,522
Amortization of excess cost over equity in subsidiaries	190,362	201,000
Sundry	48,836	39,563
Funds derived from operations	10,552,661	13,504,915
Proceeds from:		
Sale of common stock, net	—	617,540
Sale of convertible subordinated debentures, net	—	11,744,639
Sale of common stock of Dulany Foods Inc., less working capital at date of sale	—	780,504
Revolving credit notes	9,800,000	—
Mortgage note assumed	1,922,223	—
Disposal of property and equipment, net of gain or loss on disposal	414,764	289,900
Decrease (increase) in deferred charges and other assets, net	(214,468)	317,014
Total funds provided	22,475,180	27,254,512
Funds used:		
Dividends	2,693,963	2,464,919
Additions to property, plant and equipment	13,150,390	10,661,644
Reduction of long-term debt, net, other than new sources of funds provided above	6,376,483	1,893,534
Total funds used	22,220,836	15,020,097
Increase in working capital	$ 254,344	12,234,415

See accompanying notes to financial statements.

Notes to Financial Statements

1 Principles of Consolidation

The accompanying financial statements include the accounts of Green Giant Company and all active subsidiaries (100%-owned other than for a minor 1.49% interest in the Canadian subsidiary). All material intercompany accounts and transactions have been eliminated in consolidation. The accounts of foreign subsidiaries have been converted at appropriate historical or current rates of exchange.

Unamortized excess of cost over equity in net assets as shown by the books of a subsidiary at date of acquisition, $3,807,254, is being amortized over a period of twenty years.

2 Short-Term Borrowings of Canadian Subsidiary

In accordance with the usual practice under provisions of the Canadian Banking Act, approximately $2,418,000 of receivables and $12,032,481 of inventory of the Canadian subsidiary were pledged to secure short-term indebtedness to banks of $7,620,369 at March 31, 1969.

3 Property, Plant and Equipment

	1969	1968
Land and land improvements	$ 2,875,139	1,999,430
Buildings	22,936,219	19,431,228
Machinery, equipment and fixtures	47,874,237	44,952,672
Construction in progress	7,697,974	4,085,551
	81,383,569	70,468,881
Less accumulated depreciation	33,684,078	31,181,392
	$47,699,491	39,287,489

As of April 1, 1968, the Company and its subsidiaries changed their method of computing depreciation on all plant and equipment from an accelerated method to the straight-line method for financial reporting purposes. This change reduced depreciation by $2,253,840 and had the effect of increasing net earnings by $542,255 ($.19 per common share) for the year ended March 31, 1969 from amounts which would otherwise have been reported. The use of accelerated depreciation is being continued for tax purposes and deferred taxes have been appropriately provided based on the resultant difference between financial and taxable income.

Investment credits in the amount of $507,000 and $487,000, respectively, for 1969 and 1968 have been deducted in computing provisions for income taxes.

4 Long-Term Debt, Less Current Maturities

	1969	1968
Green Giant Company:		
4¼% convertible subordinated debentures, due August 1, 1992	$12,000,000	12,000,000
4¾% Series A notes, due December 31, 1969	—	900,000
5% Series B notes, due $900,000 annually, December 31, 1970 to 1981 and $3,100,000 on December 31, 1982	13,900,000	13,900,000
Revolving credit loans, due September 30, 1970 with interest at ¼ of 1% per annum above prime rates	9,800,000	—
6½% mortgage note, due in monthly instalments of $11,111 to 1981	1,722,225	—
6% note, due December 16, 1969	—	3,719,849
Sundry notes and contracts with stated interest rates from 4¾% to 6½%, due in varying instalments to 1985	1,425,639	2,640,892
Green Giant Land and Development Company—equipment contracts, etc.	—	129,539
Green Giant of Canada Limited:		
6% serial debentures, due $69,375 annually, May 1, 1970 to 1978	624,375	693,750
Equipment contracts, due in varying instalments to 1971	52,375	194,844
	$39,524,614	34,178,874

Aggregate annual maturities of long-term debt for each of the five fiscal years following March 31, 1969 are as follows: 1970—$6,314,764; 1971—$11,208,092; 1972—$1,319,622; 1973—$1,259,091; 1974—$1,210,028.

In addition to requiring maintenance of working capital, a 150% current asset ratio, and other covenants, the long-term debt agreements contain provisions restricting the payment of cash dividends and the purchase or redemption by the Company of shares of its capital stock. At March 31, 1969, the amount of unrestricted retained earnings was approximately $9,500,000 and working capital exceeded the required minimum, as defined, by approximately $32,700,000.

The 4¼% convertible subordinated debentures are convertible into shares of common stock at $44.00 per share, subject to adjustment under antidilution provisions, and 272,727 shares of authorized and unissued common stock are reserved for issuance on such conversion. On or before each July 31, beginning in 1977, the Company is required to make sinking fund payments equal to 5% of the principal amount of debentures outstanding on July 31, 1976.

Net earnings per common share giving effect to debenture conversion is based on debentures being converted to common stock and net earnings adjusted for interest expense on the debentures less effect of retirement trust, bonus and income tax provisions.

The Company's revolving credit agreement with banks provides r borrowing up to $9,800,000 through September 30, 1970 at ¼ f 1% per annum above prime rates and for payment of a commit-ent fee of ¼ of 1% per annum on average daily unused balances.

Capital Stock

t March 31, 1969, the authorized capital stock of the Company onsisted of 500,000 shares of voting preference stock of $1 par alue per share, for which the Board of Directors shall have the ower to fix the rights, preferences and restrictions (none outstand-g at March 31, 1969); 50,000 shares of 5% cumulative preferred ock of $100 par value per share (callable at $110 per share), of hich there were 24,333 shares issued and outstanding at the be-nning and end of the year; and 4,000,000 shares of common stock ithout par or stated value, of which there were 2,795,976 shares sued and outstanding at the beginning and end of the year.

Stock Options

nder terms of an employee stock option plan, options to purchase 5,700 shares of common stock of the Company have been granted nd are outstanding to officers and key employees at March 31, 969 and an additional 11,540 shares are reserved for granting of ture options. An option granted prior to December 31, 1963 is at price equal to 95% of fair market value at date of grant, exercis-ble over a maximum of six years. Options granted after such date e at 100% of fair market value at dates of grant, exercisable over maximum of five years. Options outstanding at March 31, 1969 ave been granted at prices ranging from $19.95 to $40.00 per hare ($32.00 and $40.00 in current year) and at dates of grant had n aggregate fair market value of $1,426,052 or an average of 30.54 per share. Changes in outstanding options during the year e summarized as follows:

	Outstanding		Currently exercisable	
	Shares	Option price	Shares	Option price
alance at beginning of year	42,500	$1,259,952	14,475	$363,170
ptions granted or becoming exercisable	4,200	164,000	10,525	312,980
alance at end of year	46,700	$1,423,952	25,000	$676,150

Commitments

ommitments for purchase or construction of property, plant and uipment aggregated approximately $3,040,000 at March 31, 1969.

The Companies use certain plants, warehouses, crop land, and ant and field equipment under arrangements which resulted in tal rental expense of $6,707,721 for the year ended March 31, 969, including amounts payable under noncancelable leases which quire fixed annual or seasonal rentals and, in some cases, pay-ent of taxes, maintenance and insurance, and additional pay-ents based on crop yields or usage. Total minimum rentals under noncancelable leases in force at March 31, 1969 amounted to $16,888,317 and are payable in fiscal years as follows: 1970 — $4,292,122; 1971 — $3,073,083; 1972 — $2,269,722; 1973 — $1,612,138; 1974 — $1,061,652; 1975 and thereafter — $4,579,600.

8 Retirement Plan

Provisions under the Company's noncontributory (profit sharing) retirement plan were charged to earnings in the amounts of $1,230,523 and $1,563,771, respectively, for fiscal years 1969 and 1968, including $286,503 and $348,501, respectively, representing elective portions paid in cash directly to employees.

9 Subsequent Event

Subsequent to year end, the Company agreed (subject to Board of Directors' and stockholders' approval) to acquire the business of Spencer Packing Company and subsidiaries by issuance of 892,710 common shares and 74,250 preference shares. As disclosed by its latest annual report for its fiscal year ended October 26, 1968, Spencer had total assets of $21,770,000 and stockholders' equity of $8,290,000; sales were $144,450,000 and net earnings were $1,212,000.

ACCOUNTANTS' REPORT

The Board of Directors and Stockholders
Green Giant Company:

We have examined the statement of financial position of Green Giant Company and subsidiaries as of March 31, 1969, and the related statement of earnings and retained earnings and the statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial position and statement of earnings and retained earnings present fairly the financial position of Green Giant Company and subsidiaries at March 31, 1969, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles which, except for the change in method of computing depreciation as described in note 3 of notes to financial statements, were applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying statement of source and application of funds for the year ended March 31, 1969, presents fairly the information shown therein.

Peat, Marwick, Mitchell & Co.

Minneapolis, Minnesota
May 16, 1969

Ten Year Summary

(Dollars in thousands, except per share figures)

Year Ended March 31,	1969	*1968*	*1967*
INCOME AND DIVIDENDS:			
Net Sales	$ 181,943	$ 177,623	$ 173,033
Net Earnings After Income Taxes	4,891	6,269	5,734
Preferred Dividends	122	122	122
Net Earnings Applying to Common	4,769	6,147	5,612
Common Dividends	2,572	2,343	1,991
Earnings Reinvested	2,197	3,804	3,621
Per Share of Common Stock:(A)			
Net Earnings	1.71	2.21	2.10
Dividends (Current Annual Rate 96¢)	.92	.84	.75
Percent Net Earnings on Sales	2.7	3.5	3.3
Percent Return on Equity	8.1	10.9	11.0
FINANCIAL POSITION:			
Working Capital	$ 50,288	$ 50,034	$ 37,799
Property, Plant and Equipment (Net)	47,699	39,287	36,265
Other Assets	3,408	4,531	5,259
Total	101,395	93,852	79,323
Less Long-Term Debt	39,525	34,179	24,072
Stockholders' Equity	61,870	59,673	55,251
Common Stock Equity per Share(A)	21.26	20.47	19.11
OTHER STATISTICS:			
Ratio — Current Assets to Current Liabilities	2.2-1	2.4-1	2.1-1
Capital Expenditures	$ 13,150	$ 10,662	$ 12,218
Depreciation and Amortization	4,324	6,626	5,208
Income Taxes	3,675	5,319	5,063
Retained Cash Flow	7,620	10,430	8,829
Common Shares Outstanding (Average)(A)	2,795,976	2,785,303	2,676,310
Price Range — Common Stock (Calendar Year)(A)	37⅝-30½	48⅜-30¼	44-27

(A)*After adjustments for 2-for-1 stock split July, 1960 and April, 1965*

1966	1965	1964	1963	1962	1961	1960
139,500	$ 115,713	$ 97,632	$ 78,195	$ 75,039	$ 67,595	$ 64,116
4,649	3,113	1,812	1,476	2,193	2,202	1,816
122	122	122	122	122	112	107
4,527	2,991	1,690	1,354	2,071	2,090	1,709
1,440	1,113	987	869	769	658	558
3,087	1,878	703	485	1,302	1,432	1,151
1.96	1.47	.84	.69	1.05	1.09	.99
.65	.57½	.52½	.47½	.42½	.37½	.32½
3.3	2.7	1.9	1.9	2.9	3.3	2.8
11.8	10.1	6.3	5.3	8.2	8.9	7.9

31,455	$ 29,537	$ 28,276	$ 27,493	$ 20,294	$ 19,652	$ 15,509
27,519	18,835	18,658	17,119	15,197	14,865	12,256
6,234	2,530	1,748	1,400	991	1,212	1,673
65,208	50,902	48,682	46,012	36,482	35,729	29,438
23,458	18,942	19,090	18,000	8,975	9,550	5,975
41,750	31,960	29,592	28,012	27,507	26,179	23,463
16.48	14.27	13.35	12.95	12.71	12.07	12.42

2.0-1	2.7-1	2.4-1	3.1-1	2.9-1	3.9-1	3.0-1
9,576	$ 3,801	$ 4,153	$ 5,017	$ 2,980	$ 3,084	$ 1,986
4,079	3,409	3,279	3,088	2,673	2,525	2,125
4,423	3,202	1,791	1,134	2,425	2,495	2,058
7,166	5,287	3,982	3,573	3,975	3,957	3,276
2,305,963	2,041,521	2,002,963	1,974,322	1,971,198	1,920,679	1,718,736
6⅛-21½	34¼-20⅞	21¾-17	22¼-14¾	23-14½	22-9½	10½-6⅝

Board of Directors

CHARLES J. CLARK, *Partner*
McTague, Clark, Holland, Whiteside, Coughlin, Ouellette and Mailloux
Windsor, Canada

ROBERT C. COSGROVE, *President*

DOUGLAS J. DAYTON,
Senior Vice President, Dayton Corporation
Minneapolis, Minnesota

JAMES W. DAVANT, *Managing Partner*
Paine, Webber, Jackson & Curtis
New York, New York

WILLIAM F. DIETRICH, *President*
Community Investment Enterprises, Inc.
Minneapolis, Minnesota

L. E. FELTON, *Chairman of the Board*

A. DOUGLAS HANNAH,
Executive Vice President
Hillman Land Company
Pittsburgh, Pennsylvania

PHILIP H. NASON, *President*
First National Bank of Saint Paul, Minnesota

C. J. TEMPAS, *Executive Vice President*

LLOYD C. VOLLING, *Senior Vice President*

JAMES T. WYMAN, *President*
Super Valu Stores, Inc.
Hopkins, Minnesota

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OSCAR B. JESNESS, *St. Paul, Minnesota*
MILTON H. MORRIS, *Chicago, Illinois*
WARD H. PATTON, *Minneapolis, Minnesota*
M. CRAWFORD POLLOCK, *Lighthouse Point, Florida*
ALBERT D. RADEBAUGH, *Sebring, Florida*
GEORGE C. SCOTT, *Newport Beach, California*
ARTHUR R. UPGREN, *Pompano Beach, Florida*
GEORGE F. WINTER, *Le Sueur, Minnesota*

Directory of Officers

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ROBERT C. COSGROVE, *President*
C. J. TEMPAS, *Executive Vice President*
LLOYD C. VOLLING, *Senior Vice President*
JAMES W. ALGEO, *Vice President*
AUSTIN J. HAYDEN, *Vice President*
R. CARL HENLEY, *Vice President*
V. DUANE LOVESTRAND, *Vice President*
JOHN G. MARTLAND, *Vice President*
W. HOLLIS MERRICK, *Vice President and Treasurer*
NEIL R. MOREM, *Vice President, Secretary and General Counsel*
WILFRED F. NEUMANN, *Vice President*
LYLE H. POLSFUSS, *Vice President*
LEON J. FROST, *Controller*
PAUL O. JOHNSON, *Assistant Secretary*
C. T. NEUMANN, *Assistant Controller*
RODNEY E. STALLEY, *Assistant Treasurer*

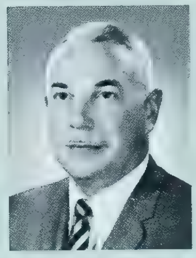
Officers

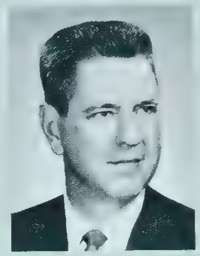

L. E. FELTON


ROBERT C. COSGROVE


C. J. TEMPAS


LLOYD C. VOLLING


JAMES W. ALGEO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JOHN G. MARTLAND


W. HOLLIS MERRICK


NEIL R. MOREM


WILFRED F. NEUMANN


LYLE H. POLSFUSS


LEON J. FROST

TRANSFER AGENTS

First National Bank of Minneapolis
120 South Sixth Street, Minneapolis, Minnesota 55402
The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza, New York, New York 10015

REGISTRARS

First Trust Company of Saint Paul
332 Minnesota Street, St. Paul, Minnesota 55101
First National City Bank
55 Wall Street, New York, New York 10015

Green Giant Company Products

GREEN GIANT BRAND

CANNED

ASPARAGUS: *Whole Spears, Cut Spears*
BEANS (Green): *Whole, French-style, Diagonal Cut*
BEANS (Wax): *Whole, French-style, Diagonal Cut*
CORN (Golden): *Whole Kernel in Liquid, Cream-style*
CORN (White): *Whole Kernel Shoe Peg*
MUSHROOMS: *Whole, Sliced in Glass*
PEAS: *Sweets, Early Junes with Onions*
PORK AND BEANS: *with Tomato Sauce or Molasses Sauce*
SWEET POTATOES: *with Pineapple or Syrup*

FROZEN VEGETABLES

IN BUTTER SAUCE: *Cut Asparagus Spears, Baby Brussels Sprouts, Broccoli Spears, Carrot Nuggets, Whole Kernel Golden Corn, Whole Kernel Golden Corn with Sweet Peppers, Whole Kernel White Shoe Peg Corn, Diagonal Cut Green Beans, French-style Green Beans, Baby Lima Beans, Whole Mushrooms, Little Baby Peas, Spinach, Sweet Peas, Sweet Peas with Tiny Whole Onions, Mixed Vegetables*

IN CHEESE SAUCE: *Broccoli, Cauliflower*

IN MUSHROOM SAUCE: *Diagonal Cut Green Beans*

OTHER: *Creamed Spinach, Creamed Onions, Niblets Corn Cream-style, Niblet Ears Corn-on-the-Cob*

FROZEN RICE

Buttered, Pilaf, Spanish, Verdi, Medley, Risotto, White and Wild

FROZEN VEGETABLE CASSEROLES

Deviled Spinach, Rice and Cheddar Cheese, Swiss Corn, Noodles Espanol, Broccoli and Noodles, Brussels Sprouts Au Gratin, Hungarian Cauliflower

NIBLETS BRAND

CORN (Golden): *Vacuum Packed Whole Kernel*

MEXICORN BRAND

CORN (Golden): *Vacuum Packed Whole Kernel with Sweet Peppers*

LE SUEUR BRAND

ASPARAGUS: *Extra Large Whole Spears*
CORN (White): *Whole Kernel Shoe Peg*
PEAS: *Early Junes*

DAWN FRESH BRAND

Mushroom Steak Sauce, Brown Gravy

KOUNTY KIST BRAND

ASPARAGUS: *Whole Spears, Cut Spears*
BEANS (Green): *Whole, French-style, Diagonal Cut*
BEANS (Wax): *French-style, Diagonal Cut*
CORN (Golden): *Vacuum Packed Whole Kernel, Liquid Packed Whole Kernel, Cream-style*
PEAS: *Sweets, Early Junes*

CLARK BRAND

CANNED: *Chowders, Baked Beans, Soups, Spreads, Stews and Tomato Juice*

Growing and Processing Areas

ASPARAGUS *Delaware, Maryland, Oregon, Washington*
BROCCOLI *California*
BRUSSELS SPROUTS *California, Wisconsin*
CARROTS *California*
CAULIFLOWER *California*
CORN *Idaho, Illinois, Iowa, Minnesota, Wisconsin; Ontario, Quebec*
LIMA BEANS *California, Delaware, Washington; Ontario*
MUSHROOMS *Michigan; Formosa, Mexico*
ONIONS *Colorado, Illinois*
PEAS *Delaware, Illinois, Iowa, Maryland, Minnesota, Oregon, Virginia, Washington, Wisconsin; Ontario, Quebec*
PEPPERS *Delaware, New Jersey, North Carolina; Ontario*
SWEET POTATOES *Delaware, Maryland, Virginia*
SNAP BEANS (Green and Wax) *Delaware, Illinois, New York, Virginia, Washington, Wisconsin; Ontario, Quebec*
SPINACH *California*
TOMATOES *Ontario*

Plant Locations

GREEN GIANT COMPANY

CALIFORNIA *Watsonville*
DELAWARE *Woodside*
IDAHO *Buhl*
ILLINOIS *Belvidere*
MARYLAND *Fruitland*
MICHIGAN *Niles*
MINNESOTA *Blue Earth, Cokato, Glencoe, Le Sueur, Montgomery, Savage, Winsted*
NEW JERSEY *Vineland*
WASHINGTON *Dayton, Waitsburg*
WISCONSIN *Beaver Dam, Fox Lake, Ripon, Rosendale*

GREEN GIANT OF CANADA LIMITED

ONTARIO *Harrow, London, Tecumseh*
QUEBEC *Ste. Martine, Ste. Remi*

Green Giant Company, Le Sueur, Minnesota 56058

Marketing and executive offices:
Green Valley Drive, 8000 Normandale Boulevard,
Minneapolis, Minnesota 55431

What is Green Giant?

Green Giant believes that a healthy business is built on the concept of growth: growth in products, growth in sales, growth in spheres of corporate interest, growth in opportunities for its employees.

During the past decade, Green Giant has been diversifying its product line for sales growth. More recently, it consolidated its operations to be in a better position to explore new spheres of interest. Because of this, it is possible at some near date, Green Giant will be recognized not only as an outstanding processor, marketer, distributor and modernizer of food and packaging concepts, but as an outstanding innovator in a number of consumer service areas.

One of the greatest strengths the company has is its Green Giant trademark. How the company is protecting this franchise today and how it plans to explore the unlimited opportunities to capitalize on this strength are digested here so you may visualize the Green Giant of tomorrow.

Products by design

Historically, Green Giant has been successful by constantly improving popular and widely consumed vegetables, and building into them distinctiveness and uniformity of quality, flavor, tenderness, nutritional value, and by constantly advertising these facts to the American housewife.

Green Giant doesn't just produce outstanding products—it designs distinctively different products. Its products are designed to meet three objectives: command attention in the marketplace, provide excitement for the consumer and bring a reasonable return to the company.

Design and production of products to meet Green Giant's objectives demands exacting attention to all product considerations—seed breeding, agricultural and processing techniques, packaging concepts, etc. From the original idea to the finished product, constant adherence to established quality specifications are under continuous surveillance. By keeping its distinctively different products uniform in quality, Green Giant has become a trusted friend of the homemaker.

Monitoring is Key

Everybody at Green Giant is involved in maintaining product quality on a continuous basis. In fact, emphasis on achieving the highest possible quality is the common link in the organizational chart.

Quality monitoring is prevalent in every stage of research, production, distribution and includes Marketing's vigil on product handling at the retail level.

The basic responsibility for premium quality and distinctiveness on existing lines falls into several broad areas:

Research and Development—where quality and distinc-

tion are built in. Whether it is in the area of agriculture, processing, ingredient, packaging or any other factor contributing to quality, it is research's responsibility to assemble all the components into a distinctive, premium quality product.

Production—where built-in quality must be maintained. Since product design requires control of quality from field to food shelf, Green Giant has become one of the largest single vegetable farmers in the country with more than 285,000 acres under cultivation annually. Approximately 70 per cent of this acreage is under contract to about 4,500 independent farmers. The remainder of the acreage is farmed by the company.

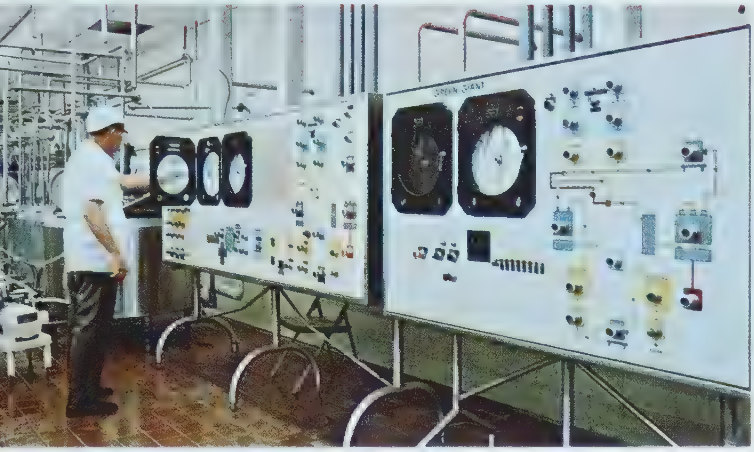
Green Giant furnishes the contract grower with its special seed and prescribes agricultural practices to be followed. To insure crop harvest and delivery at the optimum level of "perfect flavor," Green Giant picks the crop and delivers it to the plant.

Green Giant grows its crops in 19 states and 2 Canadian provinces. Though the geographical spread of its agricultural operations presents certain challenges in achieving uniformity, the company has successfully maintained control over such variables as temperature, moisture and soil conditions.

The output of the company's far-flung agricultural operation is processed in 22 plants operated in 11 states and 2 Canadian provinces. As in all business the computer is becoming an increasingly important tool at Green Giant. It is used in all phases of company operations including the scheduling of planting and harvesting activities for an even flow of product through the plant.

The teamwork of four groups—Food Science, Engineering, Quality Assurance and Plant Production—mesh to insure that the quality of the incoming crop is maintained. Utilizing the tools and technology provided by Research and Quality Assurance, Plant Production maintains the quality of the product as it flows through the plant under the strictest of sanitation control.

Quality Check Points—While Green Giant's quality control practices parallel those common to the industry, its practices are more intensive.



Quality control labs are maintained at each plant which permits immediate recognition of changes in product or operations that may be occurring. Every product from every production line is graded as often as every 20 minutes. Throughout the day the plant superintendent visits the grading lab to cut products for a visual and taste check.

Regional quality assurance satellite units have been set up which permit highly trained technologists to give closer and more direct assistance to the plant superintendents within a given region.

For the final evaluation, Green Giant airlifts product samples directly from the plants to Le Sueur where the central Quality Assurance staff samples each lot of each pack to determine which brand labels should be assigned. These samples are again graded at the end of the pack. If regrading does not confirm the grade assigned earlier, grades are revised.

Centralized Grading with the goal of maintaining pre-established company quality objectives is one of the big differences between Green Giant's quality assurance and what other companies call quality control. It owes its success to specially trained people—people trained to evaluate quality factors, such as taste, that can't be graded by scientific equipment—and a constantly updated battery of scientific instruments to evaluate the measurable factors.

Consumer Participation and that of the trade is considered the true test of whether or not quality objectives have been obtained. Letters of praise or criticism are screened carefully and used as judgment on performance of individual plants as well as overall company achievement.

Competitive Cuttings are also checkpoints in the quality story. Green Giant goes into the markets across the nation to buy its own and competitor's products off the shelf to determine how Green Giant products compare with products distributed locally or nationally by other producers. Competitive cuttings are attended by not only members of the Quality Assurance, Production and Research teams but by the company's top executives.

Products with a purpose

Green Giant has been maintaining one of the most rapid growth rates in the food industry. Its sales have increased over $115 million during the past ten years. This record is particularly outstanding because the growth has been achieved in the relatively narrow premium price segment of the market as opposed to the commodity market.

A large portion of the sales growth has come from new product introductions though existing product lines continue to register new share of market records. In 1958, the company began diversifying with the introduction of green and wax snap beans. In 1960, mushrooms were added.

Increased sales momentum was reached through the introduction of vegetables frozen in butter sauce in a boilable pouch in 1962. This was the company's first introduction to the new modern concept of convenience frozen foods. This innovation was excitedly heralded by the housewife as a convenience "must" for her menus.

In the years that followed, Green Giant introduced additional vegetables frozen in butter sauce and added vegetables in creamy sauces, again using the boilable pouch as the packaging intrigue.

A new concept that Mrs. Consumer accepted immediately was the line of seven rice products in the convenience pouch introduced in 1968 and now in national distribution.

Parallel to the rice introductions, the Jolly Fellow introduced, after considerable study, a line of baked pork and beans in tomato sauce and a line of beans prepared in molasses sauce . . . in answer to the housewife's request for beans that needed "no doctoring."

After many years of seeking the right combination, reward for its research efforts was evidenced by consumer acceptance in test markets of the Green Giant's frozen corn-on-the-cob.

Currently in test market are seven casserole dishes complete with decorator tray and hood—the company's first 1969 product introduction aimed to satisfy another convenience "need" of the housewife. The same adherence to product individuality used in the past by Green Giant for its new product entries is inherent in each of the seven casseroles. The line consists of Hungarian Cauliflower Casserole with sour cream sauce; Deviled Spinach Casserole with Cheddar cheese; Broccoli and Noodles Casserole; Noodles Espanol Casserole with tomato-onion sauce; Swiss Corn Casserole with sweet peppers and Swiss cheese; Rice and Cheddar Cheese Casserole and Brussels Sprouts Casserole Au Gratin.

What are the criteria for new products to be developed by Green Giant? The answer can be simplified to, Products with a Purpose. And yet, it is not a simple plan.

Designing new products that are to be accepted by the homemaker so she will buy again and again is more than researching a new product idea, building equipment for efficient production and staging a sales program.

Today's housewife is looking for food concepts and cooking conveniences never thought of by her mother and certainly not by her grandmother. Today's good ideas may be outmoded or obsolete as soon as two to four years from now.

Technological advancements that affect the development of new food ideas are not limited to the processing plant. Manufacturers of kitchen equipment, for example, are speeding ahead with new ideas that will reduce the homemaker's time in the kitchen.

The company with a future in the food industry must be alert not only to the scientific trends but to the sociological needs of people. People and their life styles are changing. Food products no longer can be developed just to answer a need—they must create a need.

What products will Green Giant be designing and developing in the near and far future? The company has built a reputation of being an innovator in new product ideas that employ new use and convenience concepts. Green Giant intends to continue to be recognized as a management creating change within the industry and for the table.

Not by product alone

Green Giant concerns itself not only with the quality and distinctiveness of the product but with the quality and value of the container for that product. This is as true of existing products as it is for new products. For example, only when it was certain it could maintain quality did Green Giant accept the challenge of manufacturing its own tin cans. That introduction to Green Giant production in 1955 has been of considerable value to the profits of the company.

Product packaging serves several functions. As in the case of tin cans through self-manufacture, it adds dollars directly to the till.

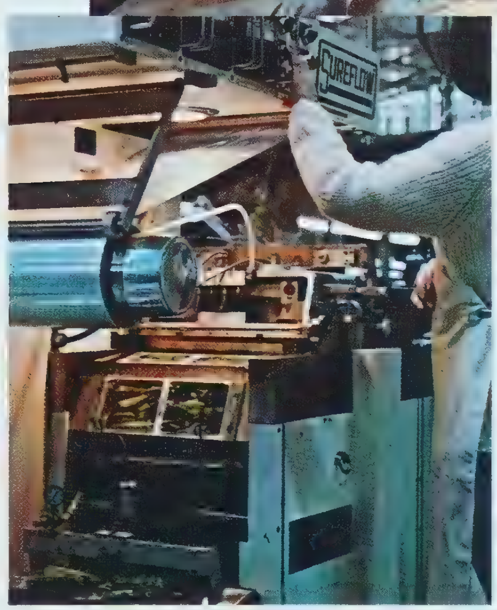
Packaging adds impetus to sales when it provides the consumer with a special advantage such as convenience and excites her to buy.

For Green Giant, packaging assists sales in another way—by serving as a tool that aids food distributors and retailers in the handling of Green Giant products by reducing their time and labor needs.

Packaging Research is an integral part of Green Giant's new product development research. This past year, a special department was started which has the responsibility for seeking out, testing and proving packaging concepts. It is also the function of this area to research economies in present and new packaging ideas.

The recent casserole introductions were this unit's first opportunity to play a major role in new product development. In cooperation with the New Product Development researchers, the work of these men produced a new line which has been classified by a leading packaging publication as a "technical breakthrough in the packaging of modern cook-and-serve convenience foods. The clincher is the table-ready package."

Packaging research is not limited to new concept



ideas but to the question, "Are we at Green Giant doing the best job with packaging ideas already in use?" Green Giant constantly investigates all areas believed to hold potential for an improved consumer package or ideas that will hold rising costs in balance enabling the company to keep cost to the consumer in check.

Package Concepts for Distribution—Outside the consumer area, Green Giant has been recognized as an innovator of several shipping carton ideas: the kraft-wrapped shipper for frozen foods as well as the shrink film concept for canned foods. Operations seemingly as simple as how to make cases easier to open in the grocery store, for example, are continuously under survey so that where improvements can be made they will be made.

Packaging's role at Green Giant is on the increase. Its contributions will be recorded in the profits of the company because it is one of the keys to selling success.


ORDINARY CORN
Niblets
The Great Grinbini

Hey Green Giant... what's new besides

One of the most important equities the company has—one that does not show on the balance sheet—is a franchise with the consumer that is as strong as any in the business world. The continuing challenge of Marketing is to maintain this climate with the consumer.

There is a temptation to say the franchise stems from the fun and warmth of the Green Giant and his innovative-creative advertising. And certainly, much of the strength comes from these areas. Equally important, however, is the reputation the Jolly Giant has built for quality. People like his products.

The company's goal is to grow 15 per cent in sales each year. About half of this plan is to come through expansion of existing business and from new product introductions. Certainly, a challenge this aggressive involves all segments of the company with Marketing one of the divisions most affected.

As the Jolly Green Giant moves into the decade of the Seventies he is aware of the need to add new leaves to his leafy costume... for marketing and sales techniques that were sufficient for the Sixties will require change in the years ahead.

Looking toward the future, the Marketing Division was reorganized two years ago adding a new dimension, Marketing Development, to the basic four—Sales, Product Marketing, Market Research and Home Services. Through the addition of the fifth leg to the stool, the company will identify areas of opportunity for the future growth of the company, concentrating time and energy on new products, marketing services, trade relations as well as market development planning for new ventures such as the forthcoming restaurants.

This restructuring has strengthened the achievement potential of other Marketing segments as they can devote full time to increasing sales on existing products.

The most successful marketers of the future will be those who do the best job of understanding the consumers' needs... and then do a competent job of directing their efforts to meeting these consumer needs. Keeping up with the changing pace of American life—indeed, keeping ahead of it, is the business of Marketing.

Products on the move

The influx of new product introductions by all food manufacturers not only has given a new look to the grocer's shelf but to the distributor's warehouse. To efficiently handle the increased number of products that the public demanded be available, distributors switched to a low inventory warehousing system.

A major part of successful selling revolves around good customer service and the change spiraled into an alteration of the food processor's warehouse and distribution techniques. Green Giant was one of the first in the industry to recognize that change was taking place and researched concepts to prepare for coming needs.

Two factors had to be considered. The customer's quick delivery needs—the company did not wish to abdicate its leadership in customer-trade relations—and a company policy "to provide prompt shipping service at the lowest possible cost consistent with high-quality packaging and distributor requirements."

The Distribution—Packaging Center concept which reaches completion this year answers the needs of both customer and company.

In the new concept, the company switches from a processing plant direct to customer shipping method to the movement of unlabeled product from the plant to a key distribution point within the market.

At the distribution center, canned product is labeled and readied for shipment. Operations have been systematized to provide shipment of product to the customer within 48 hours of order receipt.

The dual objectives of reduced delivery time and cost efficiencies had rough going early in the research. Over 150 different operational costs had to be analyzed and 16 different alternates compared to visualize the best distribution system. Machinery changes were involved. In some instances, it was just a "beefing up" of existing industry equipment with modifications to fit Green Giant's needs. In other cases, such as the shrink film carton, prototype machines had to be designed and built.

A year of on-location testing took place before the company's "first in the industry" distribution concept was activated. The concept consists of six distribution—packaging centers strategically located across the country.

There is no greater challenge than changing a system to meet a marketing objective. For now, the new concept is the best available. And, it is flexible to allow adaptation to new challenges that will come.

New look in eating

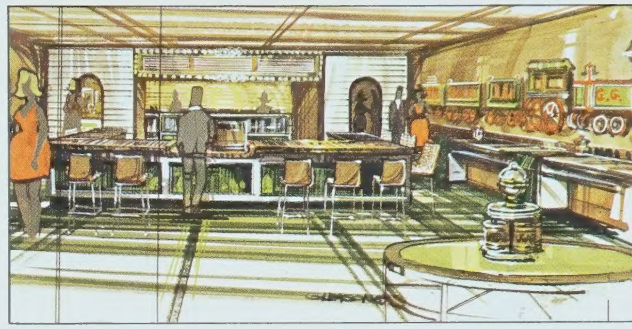
Green Giant has always believed food should be fun to eat and eating should be fun. This belief underlies all planning for the company's restaurants.

In each restaurant, informal comfort will be wedded with distinctively tasteful food and quality service. A bit of yesteryear and a bit of today's humor which the American public recognizes as uniquely Green Giant will add warmth to the rural atmosphere of the building. Art created in the Forties by Norman Rockwell for the company's advertising programs of yesteryear and scenes of the Giant and his Valley Helpers from today's commercials will decorate the walls.

Activities to Date

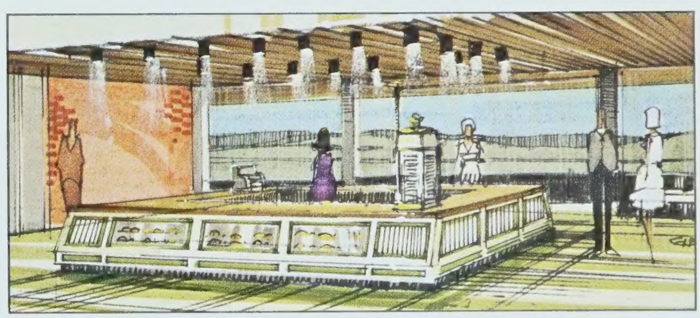
Nearing completion is the company's first full-scale restaurant which is to be operational in September. This "sit-down" operation will cater to the businessmen's luncheon and family dining needs.

In addition, the company has enlarged upon its original restaurant concept. It's plans include sandwich-luncheon shops that will cater to the quick lunch needs of people working in metropolitan business sections. These shops can be located wherever there are shopping centers or industrial-office complexes housing a sufficient number of people to provide an adequate return. Since they will be low cost capital investment operations, Green Giant anticipates rapid expansion of this phase of its total restaurant concept. Foods for the luncheon shops will be prepared in Green Giant commissaries.



Interior view of the sandwich-luncheon restaurants.

The total restaurant program—sandwich-luncheon and full-scale sit-down operations—evidences the company's intent to explore all avenues of the public's dining needs wherein it can provide premium quality food, prepared and served in an atmosphere of warm friendliness.



Full-scale restaurants will have a deli-section.